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Attorneys for Complainant

BEFORE THE
BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

No. AC-2000-12

ARNOLD H. NADLMAN
55 Goleta Drive
Corona Del Mar, CA 92625

DEFAULT DECISION AND
ORDER

Certified Public Accountant
Certificate No. 8676

Respondent.

On November 3, 1999, Accusation number AC-2000-12 was filed by Carol B. Sigmann, Executive Officer (hereinafter "Complainant") before the Board of Accountancy (hereinafter the "Board"), Department of Consumer Affairs of the State of California, against Arnold H. Nadlman (hereinafter "Respondent"), holder of Certified Public Accountant Certificate No. CPA 8676.

On November 8, 1999, the Accusation, along with the Statement to Respondent, Notice of Defense, Request for Discovery and Government Code Sections 11507.5, 11507.6 and 11507.7 (hereinafter the "Accusation Package") was served on Respondent at his address of record at 55 Goleta Drive, Corona Del Mar, California 92625 by regular and certified mail (article P 239 034 188). On November 8, 1999, a second regular and certified mailing (article P 239 034 189) was sent to Respondent at

1 39 Chandon, Newport Coast, California 92657. Respondent was properly served with
2 the Accusation Package on November 8, 1999, in a manner authorized by Government
3 Code section 11505(c) and Code of Civil Procedure section 11. The regular and
4 certified mailings (article P 239 034 188) addressed to Respondent at 55 Goleta Drive,
5 Corona Del Mar, California 92625, were returned; the United States Postal Service
6 notes on both envelopes "Return to Sender, Forwarding Time has Expired." The
7 regular and certified mailings (article P 239 034 189) addressed to Respondent at 39
8 Chandon, Newport Coast, California 92125, have not been returned. A Notice of
9 Defense has not been received from Respondent.

10 Respondent failed to file a Notice of Defense, object, or otherwise
11 contest the Accusation and therefore is in default. The default of said Respondent
12 having been duly noted, the Board has determined that Respondent has waived his
13 rights to a hearing to contest the merits of the Accusation; that Respondent is in default
14 and, pursuant to Government Code section 11520 (a), the Board takes action on the
15 Accusation and evidence herein without a hearing, and makes the following findings:

16 **FINDINGS OF FACTS**

17 1. Carol B. Sigmann, Executive Officer of the Board of Accountancy,
18 made and filed Accusation number AC-2000-12 solely in her official capacity.

19 2. On or about January 20, 1961, Certified Public Accountant
20 Certificate No. CPA 8676 was issued by the Board to Arnold H. Nadlman. The license
21 was regularly renewed in "inactive" status until December 31, 1994. The licensee
22 applied for and was issued effective November 17, 1994, evidence of the individual's
23 designation as a retired certified public accountant. The certificate expired and has not
24 been valid during the period January 1, 1995, through the current date because the
25 renewal fee has not been paid, and a declaration of compliance with continuing
26 education requirements has not been submitted. The certificate is currently expired
27 and subject to cancellation on December 31, 1999.

1 3. On or about March 23, 1998, Respondent was convicted on his
2 plea of no contest of violating Penal Code section 487.1 (grand theft of personal
3 property), a felony, in proceedings in the Los Angeles Superior Court, Central District,
4 titled People v. Arnold Herbert Nadlman, case number BA147018. On June 25, 1999,
5 the judgment of conviction was affirmed by the Court of Appeal, Second Appellate
6 District, Division Four, in case number B121483, and the remittitur was issued to the
7 Superior Court on August 27, 1999.. This decision affirmed an order of restitution in the
8 amount of \$236,936 to three victims, including Rudi B. This crime is substantially
9 related to the qualifications, functions and duties of a certified public accountant.

10 4. The circumstances surrounding the above conviction are that while
11 Respondent was acting as financial advisor for Rudi B., he convinced Rudi B. to allow
12 him to keep \$225,000 in trust until a new investment opportunity could be found, while
13 Respondent paid 10 percent interest on the trust account. Respondent embezzled,
14 stole and misappropriated all but \$65,000 of Rudi B.'s money.

15 5. Respondent failed to report in writing to the Board within 30 days
16 his conviction of violating Penal Code section 487.1, a conviction reportable pursuant to
17 Business and Professions Code section 5063.

18 6. The Board has incurred costs of \$1,437.80 in investigating this
19 matter, and \$1,460.75 in prosecuting this matter through the Office of the Attorney
20 General.

21 **DETERMINATION OF ISSUES**

22 Based on the foregoing findings of facts, cause for discipline exists
23 pursuant to California Business and Professions Code sections 490, 5100 (a),(f), (h)
24 and (j), and 5063.

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Certificate Number 8676, issued to Arnold H. Nadlman, is hereby revoked.

This Default Decision shall become effective on December 18th, 1999.

DATED: December 8th, 1999.

Burstein

BAXTER RICE
Board President
Board of Accountancy
Department of Consumer Affairs
State of California

Complainant

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In the Matter of the Accusation Against:)	NO. AC-2000-12
)	
ARNOLD H. NADLMAN)	
55 Goleta Drive)	<u>ACCUSATION</u>
Corona Del Mar, CA 92625)	
)	
Certified Public Accountant)	
Certificate No. CPA 8676)	
)	
Respondent.)	

Complainant, Carol Sigmann, as cause for disciplinary action, alleges:

1. Complainant is the Executive Officer of the California State Board of Accountancy (hereinafter "Board") and brings this accusation solely in her official capacity.

License Information

2. On or about January 20, 1961, the Board issued Certified Public Accountant Certificate No. CPA 8676 to Arnold H. Nadlman (hereinafter "Respondent"). The license was regularly renewed in "inactive" status until December 31, 1994. The licensee applied for and was issued effective November 17, 1994, evidence of the individual's designation as a retired certified public accountant. The certificate expired and has not been valid during the period January 1, 1995, through the current date

1 because the renewal fee has not been paid, and a declaration of compliance with
2 continuing education requirements has not been submitted. The certificate is currently
3 expired and subject to cancellation on December 31, 1999.

4 3. Section 118(b) of Business and Professions Code provides that the
5 suspension, expiration, or forfeiture by operation of law of a certificate does not deprive
6 the Board of authority or jurisdiction to institute or continue with disciplinary action
7 against the certificate or to order suspension or revocation of the certificate, during the
8 period within which the certificate may be renewed, restored, reissued or reinstated.

9 JURISDICTION

10 4. Section 5100 of the Code provides, in pertinent part, that after
11 notice and hearing the Board may revoke, suspend or refuse to renew a permit or
12 certificate for unprofessional conduct which includes, but is not limited to, one of any
13 combination of the following subdivisions of the section:

14 (a) conviction of any crime substantially related to the
15 qualifications, functions and duties of a certified public accountant or a public
16 accountant.

17 (f) willful violation of Chapter 1 of Division 3 of the Code or any rule
18 or regulation promulgated by the Board.

19 (h) fiscal dishonesty or breach of fiduciary responsibility of
20 any kind.

21 (j) Embezzlement, theft, misappropriation of funds or property, or
22 obtaining money, property, or other valuable consideration by fraudulent means
23 or false pretenses.

24 5. Section 490 of the Code provides that the Board may suspend or
25 revoke a license on the ground that the licensee has been convicted of a crime
26 substantially related to the qualifications, functions or duties of a certified public
27 accountant or public accountant.

1 6. Section 5063 of the Code requires a licensee to report in writing to
2 the Board within 30 days any felony conviction, or conviction of any crime related to the
3 qualifications, functions or duties of a licensee or committed in the course and scope of
4 practice of public accountancy, or involving theft, embezzlement, misappropriation of
5 funds or property, or breach of a fiduciary responsibility, or the preparation, publication,
6 or dissemination of false, fraudulent, or materially misleading financial statements,
7 reports or information.

8 7. Section 5106 of the Code provides that a plea or verdict of guilty or
9 a conviction following a plea of nolo contendere (no contest) is deemed to be a
10 conviction within the meaning of section 5100 of the Code. The record of conviction
11 shall be conclusive evidence thereof.

12 8. Section 5107 of the Code provides, in part, that the Board's
13 Executive Officer may request the administrative law judge, as part of the proposed
14 decision in a disciplinary proceeding, to direct a respondent found to have committed
15 specified acts of unprofessional conduct to pay to the Board all reasonable costs of
16 investigation and prosecution of the case, including, but not limited to, attorneys' fees.

17 **CHARGES AND ALLEGATIONS**

18 9. Respondent has subjected his license to discipline under sections
19 490 and 5100(a), (h), and (j) of the Code in that on or about March 23, 1998,
20 Respondent was convicted on his plea of no contest of violating Penal Code section
21 487.1 (grand theft of personal property), a felony, in proceedings in the Los Angeles
22 Superior Court, Central District, titled People v. Arnold Herbert Nadlman, case number
23 BA147018. On June 25, 1999, the judgment of conviction was affirmed by the Court of
24 Appeal, Second Appellate District, Division Four, in case number B121483. This
25 decision affirmed as order of restitution in the amount of \$236,936 to three victims,
26 including Rudi B. This crime is substantially related to the qualifications, functions and
27 duties of a certified public accountant.

1 10. The circumstances surrounding the above conviction are that while
2 Respondent was acting as financial advisor for Rudi B., he convinced Rudi B. to allow
3 him to keep \$225,000 in trust until a new investment opportunity could be found, while
4 Respondent paid 10 percent interest on the trust account. Respondent embezzled,
5 stole and misappropriated all but \$65,000 of Rudi B.'s money.

6 11. Respondent has subjected his license to discipline under sections
7 5100(f) and 5063 of the Code in that Respondent failed to report to the Board within 30
8 days his felony, substantially related, and grand theft conviction.

9 PRAYER

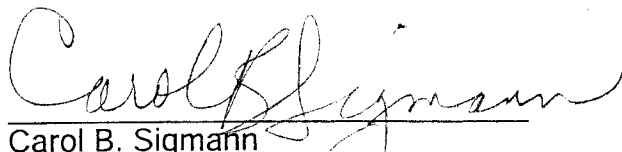
10 WHEREFORE, Complainant requests that a hearing be held on the
11 matters alleged herein, and that following said hearing, the Board issue a decision:

12 1. Revoking, suspending or otherwise imposing discipline upon
13 Certified Public Accountant Certificate Number CPA 8676, issued to Arnold H.
14 Nadlman;

15 2. Directing Respondent Arnold H. Nadlman to pay costs of
16 investigation and prosecution of this matter as provided by section 5107 of the Code;
17 and

18 3. Taking such other and further action as the Board deems proper to
19 protect the public health, safety and welfare.

20
21 DATED: November 3, 1999

22
23 
24 Carol B. Sigmann
25 Executive Officer
26 Board of Accountancy
27 Department of Consumer Affairs
State of California

Complainant